

**ANNUAL REPORT**

Of

Company Name: Seven Canyons Water Treatment Company

Mailing Address: 755 Golf Club Way  
Sedona, AZ 86336

Docket No.: SW-03389A  
For the Year Ended: 12/31/2016

**WASTEWATER UTILITY**

To

Arizona Corporation Commission

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ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

**Due on April 15th**

Email: [rdelafuente@azcc.gov](mailto:rdelafuente@azcc.gov), mail or deliver the completed Annual Report to:

Arizona Corporation Commission  
Compliance Section - Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

Application Type: Original Filing  
Application Date: 2016

S-2-17

ARIZONA CORPORATION COMMISSION  
WASTEWATER UTILITY ANNUAL REPORT  
Seven Canyons Water Treatment Company

A Class  E  Utility

1. For the Calendar Year Ended 12/31/2016

2. Address: 

755 Golf Club Way			
City: Sedona	State: AZ	Zip Code: 86336	

3. Telephone Number:

4. Date of Original Organization of Utility:

5. Person to whom correspondence should be addressed concerning this report:

Name:	Heather Pugsley				
Telephone No. :	928.203.2054				
Address:	755 Golf Club Way				
City:	Sedona	State:	AZ	Zip Code:	86336
Email:	heather.pugsley@sevencanyons.com				

6. On-Site Manager:

Name:	Wendy Ferguson				
Telephone No. :	928.203.2254				
Address:	755 Golf Club Way				
City:	Sedona	State:	AZ	Zip Code:	86336
Email:	scwatercompany@sevencanyons.com				

7. Ownership:

8. Counties Served:

Seven Canyons Water Treatment Company  
Annual Report  
Utility Plant in Service (Wastewater)  
12/31/2016

Utility Plant in Service (Wastewater)				
Account No.	Description	Original Cost	Accumulated Depreciation	OCLD (OC less AD)
351	Organization	\$ -		\$ -
352	Franchises	-		-
353	Land and Land Rights	-		-
354	Structures and Improvements	-		-
355	Power Generation Equipment	-		-
360	Collection Sewers - Force	-		-
361	Collection Sewers - Gravity	649,229	352,748	296,481
362	Special Collecting Structures	-		-
363	Services to Customer	-		-
364	Flow Measuring Devices	-		-
365	Flow Measuring Installations	-		-
367	Reuse Meters & Meter Installations	-		-
370	Receiving Wells	-		-
371	Pumping Equipment	-		-
374	Reuse Distribution Reservoirs	-		-
375	Reuse Trans. and Distrib. Equipment	-		-
380	Treatment and Disposal Equipment	2,076,081	934,236	1,141,845
381	Plant Sewers	-		-
382	Outfall Sewer Lines	-		-
389	Other Plant and Misc. Equipment	-		-
390	Office Furniture and Equipment	2,335	2,335	-
390.1	Computers and Software	-		-
391	Transportation Equipment	-		-
393	Tools, Shop and Garage Equipment	3,688	3,688	-
394	Laboratory Equipment	4,813	4,813	-
395	Power Operated Equipment	-		-
396	Communications Equipment	-		-
397	Miscellaneous Equipment	-		-
398	Other Tangible Plant	-		-
	<b>Totals</b>	<b>\$ 2,736,146</b>	<b>\$ 1,297,820</b>	<b>\$ 1,438,326</b>

Seven Canyons Water Treatment Company  
 Annual Report  
 Depreciation Expense for the Current Year (Wastewater)  
 12/31/2016

Depreciation Expense for the Current Year (Wastewater)								
Account No.	Description	Original Cost	Current Year Additions	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
351	Organization			\$ -		\$ -		\$ -
352	Franchises			-		-		-
353	Land and Land Rights			-		-		-
354	Structures and Improvements			-		-		-
355	Power Generation Equipment			-		-		-
360	Collection Sewers - Force			-		-		-
361	Collection Sewers - Gravity	649,229		649,229		649,229	4.00%	25,969
362	Special Collecting Structures			-		-		-
363	Services to Customer			-		-		-
364	Flow Measuring Devices			-		-		-
365	Flow Measuring Installations			-		-		-
367	Reuse Meters & Meter Installations			-		-		-
370	Receiving Wells			-		-		-
371	Pumping Equipment			-		-		-
374	Reuse Distribution Reservoirs			-		-		-
375	Reuse Trans. and Distrib. Equipment			-		-		-
380	Treatment and Disposal Equipment	2,076,081		2,076,081		2,076,081	4.00%	83,043
381	Plant Sewers			-		-		-
382	Outfall Sewer Lines			-		-		-
389	Other Plant and Misc. Equipment			-		-		-
390	Office Furniture and Equipment	2,335		2,335	2,335	-	15.61%	-
390.1	Computers and Software			-		-		-
391	Transportation Equipment			-		-		-
393	Tools, Shop and Garage Equipment	3,688		3,688	3,688	-	14.29%	-
394	Laboratory Equipment	4,813		4,813	4,813	-	12.30%	-
395	Power Operated Equipment			-		-		-
396	Communications Equipment			-		-		-
397	Miscellaneous Equipment			-		-		-
398	Other Tangible Plant			-		-		-
	<b>Subtotal</b>	\$ 2,736,146	\$ -	\$ 2,736,146	\$ 10,836	\$ 2,725,310		\$ 109,012

Contribution(s) in Aid of Construction (Gross) \$ -  
 Less: Non Amortizable Contributions(s)  
     Fully Amortized Contributions(s)  
 Amortizable Contribution(s) \$ -  
 Times: Proposed Amortization Rate  
     Amortization of CIAC \$ -

Less: Amortization of CIAC \$ -

**DEPRECIATION EXPENSE \$ 109,012**

Seven Canyons Water Treatment Company  
Annual Report  
Balance Sheet Assets  
12/31/2016

<b>Balance Sheet Assets</b>				
	<b>Assets</b>		<b>Balance at Beginning of Year (2016)</b>	<b>Balance at End of Year (2016)</b>
<b>Account No.</b>	<b>Current and Accrued Assets</b>			
131	Cash		\$ 1,063	\$ 1,596
134	Working Funds			
135	Temporary Cash Investments			
141	Customer Accounts Receivable		3,572	1,876
146	Notes Receivable from Associated Companies			
151	Plant Material and Supplies			
162	Prepayments			2,164
174	Miscellaneous Current and Accrued Assets			
	<b>Total Current and Accrued Assets</b>		\$ 4,635	\$ 5,636
<b>Account No.</b>	<b>Fixed Assets</b>			
101	Utility Plant in Service		\$ 2,736,146	\$ 2,736,146
103	Property Held for Future Use			
105	Construction Work In Progress			
108	Accumulated Depreciation - Utility Plant		(1,188,808)	(1,297,820)
121	Non-Utility Property			
122	Accumulated Depreciation - Non Utility			
	<b>Total Fixed Assets</b>		\$ 1,547,338	\$ 1,438,326
	<b>Total Assets</b>		\$ 1,551,973	\$ 1,443,962

Seven Canyons Water Treatment Company  
Annual Report  
Balance Sheet Liabilities and Owners Equity  
12/31/2016

**Balance Sheet Liabilities and Owners Equity**

		Balance at Beginning of Year (2016)	Balance at End of Year (2016)
	<b>Liabilities</b>		
Account No.	<b>Current Liabilities</b>		
231	Accounts Payable	\$ 18,572	\$ 25,633
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	91,238	113,260
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		20,536
	<b>Total Current Liabilities</b>	<b>\$ 109,810</b>	<b>\$ 159,429</b>
	<b>Long-Term Debt</b>		
224	Long-Term Debt (Notes and Bonds)	\$ -	\$ -
	<b>Deferred Credits</b>		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>Total Deferred Credits</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Total Liabilities</b>	<b>\$ 109,810</b>	<b>\$ 159,429</b>
	<b>Capital Accounts</b>		
201	Common Stock Issued	\$ 1,000	\$ 1,000
211	Other Paid-In Capital	3,355,357	3,355,357
215	Retained Earnings	(1,914,194)	(2,071,824)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>Total Capital</b>	<b>\$ 1,442,163</b>	<b>\$ 1,284,533</b>
	<b>Total Liabilities and Capital</b>	<b>\$ 1,551,973</b>	<b>\$ 1,443,962</b>

Seven Canyons Water Treatment Company  
Annual Report  
Wastewater Comparative Income Statement  
12/31/2016

<b>Wastewater Comparative Income Statement</b>			
Account No.	Calendar Year	Current Year 01/01/2016 - 12/31/2016	Last Year 01/01/2015 - 12/31/2015
	<b>Operating Revenue</b>		
521	Flat Rate Revenues	\$ 49,220	\$ 49,570
522	Measured Revenues	10,232	10,704
534	Rents from Wastewater Property		
539	Other Wastewater Revenues		
	<b>Total Revenues</b>	<b>\$ 59,452</b>	<b>\$ 60,274</b>
	<b>Operating Expenses</b>		
701	Salaries and Wages	\$ -	\$ -
704	Employee Pensions and Benefits		
710	Purchased Wastewater Treatment	1,386	1,256
711	Sludge Removal Expense		
715	Purchased Power		
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	670	528
721	Office Expense		
731	Contractual Services - Engineering		
732	Contractual Services - Accounting	1,075	
733	Contractual Services - Legal		
734	Contractual Services - Management Fees	62,256	
735	Contractual Services -Testing	9,260	10,894
736	Contractual Services - Other	3,000	65,331
740	Rents - Building		
742	Rental of Equipment		
750	Transportation Expenses		
757	Insurance - General Liability	12,004	9,261
758	Insurance - Workers Comp		
759	Insurance - Other		
766	Regulatory Commission - Rate Case Expense		
767	Regulatory Commission - Other Expense		
770	Bad Debt Expense		
775	Miscellaneous Expense	1,596	826
403	Depreciation Expense (From Page 4)	109,012	109,126
408	Taxes Other Than Income		
408.11	Property Taxes	2,235	6,444
408.12	Payroll Taxes		
409	Income Taxes		
427.1	Customer Security Deposit Interest		
	<b>Total Operating Expenses</b>	<b>\$ 202,494</b>	<b>\$ 203,666</b>
	<b>Operating Income / (Loss)</b>	<b>\$ (143,042)</b>	<b>\$ (143,392)</b>
	<b>Other Income / (Expense)</b>		
414	Gain (Loss) on Dispositions	\$ -	\$ -
419	Interest and Dividend Income		
421	Non-Utility Income		4,152
426	Miscellaneous Non-Utility (Expense)	4,547	
427	Interest (Expense)		
	<b>Total Other Income / (Expense)</b>	<b>\$ 4,547</b>	<b>\$ 4,152</b>
	<b>Net Income / (Loss)</b>	<b>\$ (138,495)</b>	<b>\$ (139,240)</b>

Seven Canyons Water Treatment Company  
 Annual Report  
 Supplemental Financial Data (Long-Term Debt)  
 12/31/2016

**Supplemental Financial Data (Long-Term Debt)**

	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	<b>No Loans</b>			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ -	\$ -	\$ -	\$ -
Amount Outstanding	\$ -	\$ -	\$ -	\$ -
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$ -	\$ -	\$ -	\$ -
Current Year Principal	\$ -	\$ -	\$ -	\$ -

*List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed.*



Seven Canyons Water Treatment Company  
 Annual Report  
 Wastewater Utility Plant Description  
 12/31/2016

Wastewater Utility Plant Description	
Name of the System:	
Wastewater Inventory Number (if applicable)	
Type of Treatment	Extended Aeration
Design Capacity of Plant (gallons per day)	64,000

LIFT STATION FACILITIES				
Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
Secret Canyon Drive	2	25	280	2,321

FORCE MAINS		
Size	Material	Length (Feet)
6-inch		1,727

MANHOLES	
Type	Quantity
Standard	12
Drop	

CLEANOUTS
Quantity
2 - 2-way sewer force main

Seven Canyons Water Treatment Company  
 Annual Report  
 Wastewater Utility Plant Description (Continued)  
 12/31/2016

Wastewater Utility Plant Description (Continued)					
COLLECTION MAINS			SERVICES/LATERALS		
Size (inches)	Material	Length (feet)	Size (inches)	Material	Quantity
4			4		
6	PVC	115	6		
8	PVC	2,283	8	PVC	115
10			12		
12			15		
15					
18					
21					
24					
30					

For the following five items, list the utility owned assets in each category for each system.

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	N/A
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	Chlorinator
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	Aeration/Blower Building
<b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	Sensaphone, telemetry computer, various tools, locator, various lab equipment, turbidimeter, centrifuge, generator, odor control unit

Seven Canyons Water Treatment Company  
 Annual Report  
 Wastewater Flows  
 12/31/2016

Wastewater Flows			
Month	Number of Services	Total Monthly Sewage Flow	Sewage Flow on Peak Day
January	50	263,937	15,857
February	50	301,395	14,619
March	50	317,756	14,244
April	50	259,399	13,408
May	50	273,790	13,411
June	50	337,967	19,308
July	50	315,379	17,133
August	50	251,873	13,112
September	50	269,250	14,918
October	50	252,409	11,555
November	50	256,077	12,061
December	50	311,536	19,380
	<b>Totals</b>	<b>3,410,768</b>	<b>179,006</b>

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	Reuse
Groundwater Permit Number	
ADEQ Aquifer Protection Permit Number	103334
ADEQ Reuse Permit Number	R103334
EPA NPDES Permit Number	
APP Effluent Treatment Requirement (Class)?	

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Seven Canyons Water Treatment Company

Annual Report

Utility Shutoffs / Disconnects

12/31/2016

Name of System	
Wastewater Inventory Number (if applicable):	

Utility Shutoffs / Disconnects			
Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Other (description):

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Seven Canyons Water Treatment Company  
Annual Report  
Property Taxes  
12/31/2016

<b>Property Taxes</b>
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Amount of actual property taxes paid during Calendar year 2016 was	\$ 2,164
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If no property taxes paid, explain why.

Seven Canyons Water Treatment Company  
Annual Report  
Verification and Statement (Taxes)  
12/31/2016

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APR 20 2017

Verification and Statement (Taxes)

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

Verification: State of Arizona I, the undersigned of the  
(state name)

County of (county name): Yavapai  
Name (owner or official) title: Dave Bisbee, Treasurer  
Company Name: Seven Canyons Water Treatment Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING: 12/31/2016

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

*Dave Bisbee*  
signature of owner/official

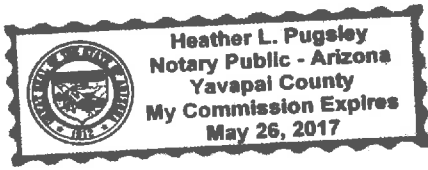
928.203.2004  
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC  
IN AND FOR THE COUNTY

Yavapai  
(county name)

THIS 17 DAY OF April, 2017  
(month) and (year)

MY COMMISSION EXPIRES 5/26/17  
(date)



*Heather L. Pugsley*  
(signature of notary public)

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Verification and Statement

APR 20 2017

Verification: State of Arizona I, the undersigned of the  
(state name)

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

County of (county name): Yavapai  
Name (owner or official) title: Dave Bisbee, Treasurer  
Company Name: Seven Canyons Water Treatment Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING: 12/31/2016

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**Sworn Statement:** IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 20,565

(The amount in the box above includes

\$ - in sales tax  
billed or collected)

signature of owner/official

928.203.2004

telephone no.

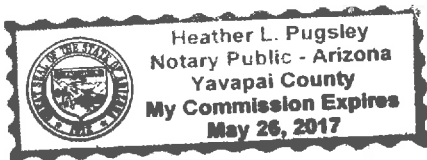
SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC  
IN AND FOR THE COUNTY

Yavapai  
(county name)

THIS 17 DAY OF April, 2017  
(month) and (year)

MY COMMISSION EXPIRES 5/24/17  
(date)

(signature of notary public)



RECEIVED

Verification and Statement (Residential Revenue)

Verification: State of Arizona I, the undersigned of the  
(state name)

APR 20 2017

County of (county name): Yavapai  
Name (owner or official) title: Dave Bisbee, Treasurer  
Company Name: Seven Canyons Water Treatment Company

ARIZONA CORP COMMISSION  
UTILITIES DIVISION - DIRECTOR'S OFFICE

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING: 12/31/2016

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**Sworn Statement:** IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 59,452

(The amount in the box above includes

\$ - in sales tax  
billed or collected)



signature of owner/official

928.203.2004

telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC  
IN AND FOR THE COUNTY

Yavapai  
(county name)

THIS

17

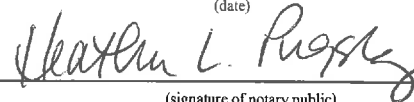
DAY OF

April  
March, 2017  
(month) and (year)

MY COMMISSION EXPIRES

5/26/17

(date)



(signature of notary public)

